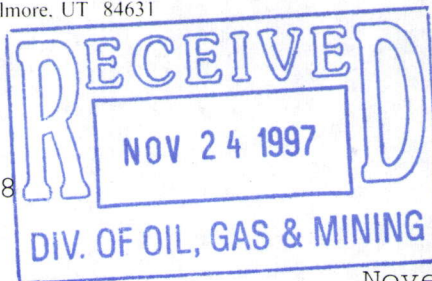


5/023/042



United States Department of the Interior

BUREAU OF LAND MANAGEMENT
HOUSE RANGE/WARM SPRINGS RESOURCE AREA
35 East 500 North
Fillmore, UT 84631



IN REPLY REFER TO:
3800
(U-054)
UTU-072860

CERTIFIED MAIL # Z 777 473 798
RETURN RECEIPT REQUESTED

November 19, 1997

NEAL JENSEN
WESTERN STATES MINERALS
113 E 200 N
SANTAQUIN UT 84655

Dear Mr. Jensen:

On November 12, 1997, a field compliance inspection was conducted in the SE $\frac{1}{4}$ of Section 14, T. 14 S., R. 3 W., the site for which you submitted a Notice of Intent, which was accepted on April 11, 1995. The notice was serialized UTU-072860.

The inspection revealed that the operation has created about eight acres of surface disturbance, and a Plan of Operations is required. Enclosed is a copy of the Utah Division of Oil, Gas and Mining's (UDOGM) Notice of Intention to Commence Large Mining Operations. It is not required for submitting a plan to the BLM, but, if correctly completed, it will satisfy both agencies' requirements.

New regulations (copies enclosed) require that an operator must provide calculations of reclamation costs for the disturbance created under the plan. The costs must be calculated as if third party contractors were performing the reclamation, and the calculation must be certified by a third party professional engineer registered to practice in the State of Utah. If UDOGM agrees to calculate the reclamation costs the certification is not required, however, since the operation has already exceeded five acres and is in non-compliance with 43 CFR §3809.1-4(a) it is imperative that the Plan be approved as soon as possible, and submitting the reclamation calculation yourself would probably be more expedient.

Upon approval of the plan and reclamation calculations, you must submit a bond to UDOGM for the amount of reclamation costs, provided that the amount is at least \$2,000 per acre, or fraction thereof, of surface disturbance. If it is less than \$2,000 per acre, the bond amount must be adjusted upwards and additional bond posted. If UDOGM will not hold the additional amount it must be submitted to the BLM.

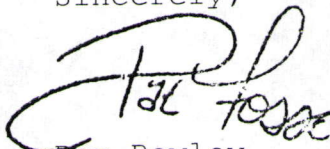
We will allow 60 days from the receipt of this letter for you to submit the plan. Once submitted, approval will take at least another 60 days. Since it would cause you undo financial hardship to shutdown operations until the plan can be approved, we will allow you to continue as long as you make a good-faith effort to remedy the non-compliance.

Failure to submit the Plan within the outlined time-frame could result in the issuance of a Notice of Noncompliance and/or possible criminal penalties.

In addition, the inspection revealed that there were significant quantities of trash on the ground around the operation. Most of it was paper cups, chip wrappers and other food related items. The regulations at 43 CFR 3809.2-2(c) require that all solid wastes, including garbage, refuse or waste, be either removed from the affected lands or disposed of or treated to minimize its impact on the public lands. If the site is not maintained in a clean, trash free state, as revealed by the next surface compliance inspection, a Notice of Noncompliance will be issued.

If you have any questions, please feel free to contact Ron Teseneer at (435)743-3126.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Rex Rowley' with a stylized flourish.

Rex Rowley
Area Manager

Enclosures
UDOGM form MR-LMO
New 3809 Regulations

ACTING

cc: D. Wayne Hedberg, UDOGM (S/023/042)
Terry Steele, 296 N Center, Santaquin UT 84655
Robert Steele, 1055 N 400 E Nephi, UT 84646